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**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Executive Council

Date: 6 March 2020 **Security Level:** Cabinet Sensitive

For: Hon Andrew Little, Minister of Justice

File Reference: REP/20/3/201

Removing initial income stand-downs

Executive Council 9 March 2020

Minister Hon Andrew Little, Minister of Justice on behalf of Hon Carmel Sepuloni, Minister for Social Development

Proposal On 9 March 2020, Cabinet will be considering three options for removing the initial income stand-down period in response to the economic impacts of COVID-19.

You are presenting the relevant Social Security (Exemption from Stand Down – Coronavirus Covid-19) Amendment Regulation 2020 to the Executive Council to give effect to the option agreed to by Cabinet.

The three options that Cabinet will consider are:

- Option 1 - remove the stand-down period on a general basis for 8 months
- Option 2a – provide narrow discretion to MSD for 8 months to waive the stand-down where a person is applying for benefit **directly** because of COVID-19
- Option 2b – provide broader discretion to MSD for 8 months to to waive the stand-down where a person is applying for benefit **directly and/or indirectly** because of COVID-19

Talking points • Cabinet has this afternoon agreed to:

EITHER

Option 1 - remove the stand-down period on a general basis for 8 months.

OR

Option 2a – provide narrow discretion to MSD for 8 months to waive the stand-down where a person is applying for benefit directly because of COVID-19.

OR

Option 2b – provide broader discretion to MSD for 8 months to to waive the stand-down where a person is applying for benefit directly and/or indirectly because of COVID-19

I am therefore submitting the Social Security (Exemption from Stand Down – Coronavirus Covid-19) Amendment Regulation 2020 to give effect to Cabinet’s decision.

Cabinet has agreed to a waiver of the 28-day rule on the grounds that the changes in the Amendment Regulations only confer benefits to the public.

There are no statutory prerequisites for Amendment Regulations. That is, the legislation does not set out any additional requirements before the Regulations can be approved.

Background

Cabinet paper:

The Ad Hoc Cabinet Committee on COVID-19 Response (CVD) invited Minister Sepuloni to submit a revised paper to Cabinet on 9 March 2020, including further advice (including advice on the financial and operational implications), and draft regulations on the following options for removing the stand-down period in response to the economic impacts of COVID-19:

- removing the stand-down period on a general basis for a defined period
- removing the initial income stand-downs for a defined group of people, a particular sector, and/or a particular region.

[CVD-20-MIN-0003 refers]

The Cabinet paper to be considered by Cabinet on 9 March 2020 therefore discusses the following three options for removing initial income stand-downs:

- Option 1 - remove the stand-down period on a general basis for 8 months
- Option 2a – provide narrow discretion to MSD for 8 months to waive the stand-down where a person is applying for benefit directly because of COVID-19
- Option 2b – provide broader discretion to MSD for 8 months to to waive the stand-down where a person is applying for benefit directly and/or indirectly because of COVID-19.

Three different versions of the Social Security (Exemption from Stand Down – Coronavirus Covid-19) Amendment Regulation 2020, were attached to the Cabinet paper, each giving effect to Option 1, 2a and 2b respectively.

Stand-downs

People applying for a main benefit¹ can have an initial income stand-down² for one or two weeks before their benefit commences depending on their previous income and family circumstances. The stand-down starts on the date they become entitled to a benefit, unless an exemption applies. There is no main benefit payable during a stand-down period.

The initial income stand-down is different to the 13-week non-entitlement period, which can occur in certain circumstances such as the person has become voluntarily unemployed without a good and sufficient reason, or is applying for a benefit because they have been dismissed for misconduct. This paper does not seek to remove the 13 13-week non-entitlement period.

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¹ Section 313 of the Social Security Act 2018 provides that work tested benefits, Youth Payment and Young Parent Payment, Sole Parent Support, Jobseeker on grounds of sickness, injury, or disability, or a Supported Living Payment are subject to a stand-down. The commencement date for Emergency Benefit and Emergency Maintenance Allowance is at the Chief Executive's discretion and is consistent with the main benefit that most closely fits their circumstances. Stand-downs cannot be imposed for Orphan's Benefit and Unsupported Child's Benefit.

² There are existing exemptions from stand-downs, including when a person has entered a refuge following a relationship breakdown.